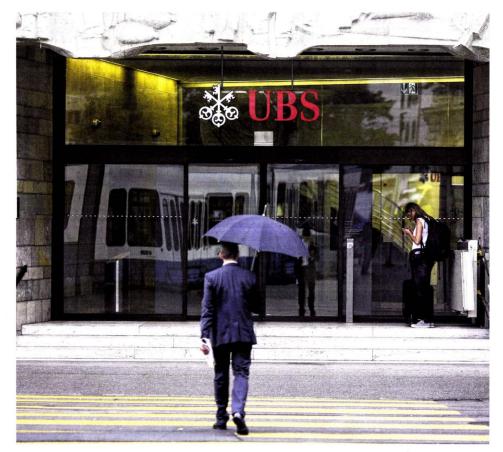
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## Asia's wealthy families lose patience with hedge funds

For Michael Preiss, whose firm over-sees USS1.9 billion (SS2.8 billion) mainly for wealthy Asian families, adding hedge funds to his clients' portfolios was an easy sell some years ago. Not anymore. The executive director at Singa-pore-based Taurus Wealth Advi-cre hedge fund returns and baulk-ing at high fees, prompting them to shift to private equity. With redemptions already at a four-year high, Asia's richest people comprise an investor group region-alhedge funds can ill afford to lose. Family offices representing bil-lionaires and multimillionaires are a key source of capital in Asia, where global pension funds and uni-versity endowments have not made large inroads. Managers seeking money for new hedge funds are sinaller than their global pensers, meaning they are more dependent on money from high-net-worth individuals

and family offices," said Mr Melvyn Teo, a professor of finance at Singa-pore Management University (SMU). "If family offices withdraw woney, the region's hedge fund in-dustry will clearly feel the pinch." UBS Groupin Novembersaid fam-ily offices worldwide have turned wavy from hedge funds after they trailed stock markets in the wake of the 2008 financial crisis. The trend is even more pro-nouncedin Asia, where family offic-es set more aggressive perform-ance goals, said Mr Eric Landolt, UBS 'head of family advisory for Asia Pacific. "Family offices are usually here to addwealth to the family, "he added. "It is a growth engine for the fami-ty whereas in Europe or the United States, there is a much stronger wealth-preservation angle." Mr Ray Notle, chief investment officer of US-based fund of hedge funds SkyBridge Capital, said last unds because of mounting risks in China's debt markets.

Hedge funds investing in Asia suffered US\$1.6 billion of with-drawals through November, on track for the biggest outflows in the start of the biggest outflows in the start of the biggest outflows in the start start of the start of the provider Eurekahedge. "The big hedge funds have be-meen fee than performance fee," Mr Preiss said. The ultra-tich families backing Taurus instead want to put their forney directly into technology companies, he added. At multfamily office Golden Equa-tion to the start of the start the start of the start of the start and the start of the start of the start the start of the star

UBS said family offices in Asia, whose goal is to grow the wealth of rich families, switched out of hedge funds after they trailed stock markets in the wake of the 2008 financial crisis. UBS said

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The big hedge funds have become complacent, meaning they put more emphasis on the management fee than performance fee.



MR MICHAEL PREISS, executive director at the Taurus Wealth Advisors multifamily office, on the mediocre returns.

crisis. РНОТО BLOOMBERG

SMU's Mr Teo. "Especially for hedge fund start-ups, the bar has been raised be-cause of this," he added. BLOOMBERG

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